

POST-CABINET PRESS CONFERENCE: MONDAY, 7 NOVEMBER 2016

PM: OK, so good afternoon. Today we are announcing a \$300 million emergency housing package to support more Kiwis in need. The significant extra funding will provide more emergency housing places. It will also provide more support for tenants, and more front-line staff to help people in need of emergency housing. It will be enough for up to 1,400 extra places at any one time in areas of high demand around the country.

Over recent months it's become clear that demand for emergency housing has increased, especially in Auckland. So we are looking to meet that demand in a number of ways, as social housing Minister Bennett will explain in more detail shortly. This is the next step in the Government's comprehensive housing plan. That plan includes measures aimed at increasing the supply of new houses, significant extra investment in social housing, and a strong focus on emergency housing.

Today's announcement builds on more than \$40 million in Budget 2016, funding for over 3,000 emergency housing places a year, and the special accommodation grants. This was the first time the Government has provided direct emergency housing funding. I'm going to pass over the Paula. She'll take you through all the details of the \$300 million package. Then we'll answer any questions on this, and then we'll go back to just the general business after that. So, Paula, we're in your hands.

Bennett: Thank you, Prime Minister. This \$300 million over the next 4 and a half years for emergency housing will see some of our most vulnerable New Zealanders receiving the support they need. We have large numbers of new, more permanent housing coming on stream, but that always takes time. This is designed to fill the gap in the interim.

There are four main parts to the package—\$120 million in capital funding, by way of \$100 million loan to Housing New Zealand, and a \$20 million more flexible fund. That is to buy, build, and lease emergency housing places. \$71 million is for the rental subsidies each week to pay for it, and \$102 million for community housing providers. That is to support and stabilise tenants, then help them into longer-term permanent housing and then stick with them for 3 months once they're in permanent homes. And just over \$10 million is for additional front-line staff within MSD. The \$100 million loan will be repaid by Housing New Zealand within 10 years. This will be through rental subsidies and sales of any emergency houses that aren't needed as the supply of permanent homes keep coming on stream. This means that loan is fiscally neutral, but gives Housing New Zealand the upfront capital it needs to meet demand for emergency housing, which is an area they don't generally work in.

The funding for community housing providers will give the sector a significant boost, helping it to grow and to meet the needs out there in the community. It will allow community housing providers to work with tenants to stabilise their situation—and that might be in cases like budgeting services, counselling support services—to then help develop a plan to help them find more permanent housing, and then to support them, as I said, in that first 3 months. So it's really important that they keep getting that support when they first go into a permanent home, in a lot of cases. The package we're announcing today is the result of a considerable amount of work by the Government over recent months, and right through into last year. This has been the responsibility of local government and community organisations in the past. But we have seen the need, and, on top of Budget 16 funding, we are now making another significant contribution.

I want to thank the community housing sector. They work tirelessly in this area, and I look forward to continuing my—our—partnership with them. Thank you.

Media: When will these housing places set in? When would people first be able to access them?

Bennett: Yeah, so they're already—so what you would have seen is about 6 weeks ago, 2 months ago, Housing New Zealand said that they were purchasing a motel. So we've got some motels that we're in the process of purchasing. The other one that we've already announced is Luke Street in Ōtāhu, where we've got Crown land that is earmarked for future use—in that case for a school in sort of 10 years' - plus time. And others that we're looking at is certainly transport land as well, where they see the need for a road in sort of over 8 years and, in the meantime, we're putting modular housing on and fast-stick builds, and doing that. So already it's coming on board. I've got a whole lot that are in the pipeline.

Media: How many houses do you expect to have to build and how long will that take?

Bennett: Sorry, what was that?

Media: How many houses do you expect to have to actually build and how long will that take?

Bennett: This is funded on up to 1,400 places at any one time. That's ambitious, I've got to say, and we are going through the complete analysis and redeveloping all the time, because I've got to say it's property—so it keeps moving—a combination of what we can currently purchase, and new builds as well. So we've done a—and in other places outside of Auckland in particular, we are looking at better utilising community group houses as well, where we might purchase some of them where the need is not as high as in Auckland.

Media: How many more motels do you expect to buy?

Bennett: It depends, and it would depend a lot on the suitability, transport, and whether it works. I mean, people have been going into motels for decades, quite frankly, who find themselves in emergency situations and need it. I don't think it's suitable all of the time, and particularly when you're relying on a motel owner to kind of keep an eye on people and make sure that they're getting the services. So we are looking at motels. I've got about another two or three that are in the pipeline that we're looking at. We also might look at leasing some as well. So it's a combination of things that will happen.

Media: Is this an admission that there is a housing crisis?

Bennett: What it's saying is is that there's most certainly challenges out there, and some of our most vulnerable feel them. As I say, central government hasn't been in this space before. We're the first Government to step up and actually give them certainty of funding. We've seen a demand and are unapologetic about stepping up and actually delivering for them.

Media: It's taken months, though, and stories about Te Puea Marae and Opposition parties holding inquiries, and so forth, to get you to this point. Is that finally an admission that—

Bennett: Well, no, you know, in Budget 16 we gave that first tranche of funding, which was the \$41 million. And \$300 million is a lot of money, so I've got to say we have done due diligence, as any taxpayer would expect us to, to make sure that we are really filling gaps and that we're putting the money where it's needed and for the people that need it most. We have that information, we have that analysis, and we can now go ahead and take this next step.

Media: Can you talk a little bit more about what the \$102 million for community housing providers is? Is that capital or is it income-related rent subsidies, or—

Bennett: No, so the income-related rent subsidies are separate. That's the \$71 million. So the \$102 million that's going to community housing providers is based on (a) a tenancy fee for managing the tenancies. We base that on 15 percent of market rent, which is a little above what most landlords would do, but in recognition that some of these tenants have some long-term issues that need a lot of intensive work. And then the other part of that subsidy is towards, as I say, helping them stabilise their situation. It might be budgeting support, it might be ongoing counselling, then also in working both within Government and

privately in finding them a permanent house, and then sticking with them for 3 months after that. So it's a one-off. I've priced it at about \$3,900. Six hundred of that we see being for the tenancy management component, and \$3,300 for the services to work along the tenants.

Media: So this is not a capital grant at all—

Bennett: No, it's not. The capital grant that we announced was a couple of months ago when we announced the \$120 million. That's a capital grant to community housing organisations for the permanent build. Of the \$120 million capital that we've announced today, \$100 million of it is going through Housing New Zealand, \$20 million is a more flexible fund, and might be used to help a community organisation that has something that they would like to purchase and that we might be able to get alongside of them on.

Media: As far as the economic effect goes, this does sound potentially quite stimulatory.

Bennett: Yeah, it does. I mean, there's parts of it—I was just talking to the Prime Minister—there's parts of it I really love. Even the modular housing—we have a panel, now, of modular housing providers, and a lot of them are in our regions, and so that's creating jobs as they're looking at building to actually put back in.

Media: I was also, of course, wondering about the effect on two things, I guess—any sort of, you know, you've already got an overheated market, effectively; you know, more money going into what's already an overheated market. You've got that aspect as well as everything else that may be going on, and also, I guess, skills shortages that are emerging in the construction sector.

Bennett: Yeah, well as I say, I think a lot of the construction stuff can be done outside of Auckland, and as a consequence of that is a good stimulus within our regions, who are really up for it and have got some amazing New Zealand products that they are using in this area. I don't think it will affect those markets. Most of it's temporary. I mean, this is all temporary—why we've got permanent housing that's coming on board every week, quite frankly. So I don't think it will have a wider effect on the housing market.

Media: Is that \$100 million going to Housing New Zealand money that they would have been getting anyway as they ramp up their builds?

Bennett: No, this is completely separate. It is new money, and it is specifically ear-marked for emergency housing. To be honest, they don't do much in this area. They have community group housing—a few that they rent out to places like Women's Refuge and others. But, in general, they are not responsible for new-building the emergency housing. To be honest, we're piggybacking on their processes. They've got, you know, the best processes within Government, so I have specifically asked them if they would help in this particular area, and so that's what they've known us for. It's quite separate from their permanent build.

Media: So how is this \$300 million being paid for? What part of the Budget does it come from?

Bennett: So, \$100 million is fiscally neutral, because that's a loan within the 10 years to Housing New Zealand. And the other \$202, \$204 million is against Budget 2017.

Media: But that \$100 million is not magicked up out of nowhere, is it?

Bennett: No, but it is—

Media: You've got to take it from something.

Bennett: Well, it's fiscally neutral in our books. So, yes, we still have to find the cash, and we've done that. But at the end of the day, on the books, as it goes through, it's not.

Media: Are you able to do this because the Budget surplus seems to be running ahead of forecasts?

Bennett: Oh, I think the Minister of Finance could answer that better, but we've done this because we see the demand. We see this as a priority and, certainly, Cabinet have made

the decision that these people need the extra services and support and homes, and we want to make sure they've got it.

Media: So you won't have to borrow extra to fund this?

Key: That's from Budget 2017.

Bennett: That's Budget 2017. I think we've more than covered it, to be honest. You know, the 1,400 sort of, at any one time, is ambitious, and it's, you know, it's a target that we will be trying to reach. But I think I've almost—we didn't want money to be getting in the way of us actually solving this for those people that need it.

Media: If that's ambitious, how many, really, do you think at any one time you can place—

Bennett: Well, these are new, so remember we've already done 3,000 a year of what was currently there. What that exposed to us were a whole lot of gaps. It depends on how quickly, but I'm confident that I'm putting every resource behind it—that I've certainly got the funding to do it. Some of it will be more around logistics and not necessarily the will or the means to do it.

Media: And in your work around this package, have you come any closer to knowing how many people are homeless at any one time?

Bennett: Well, on our housing register there is about 1,500—that's people who are in insecure housing, so it sort of depends on how you look at it. If you looked at the latest statistics to come out, they've said there's 3,000 people. When you put that down to households, it's about 1,400, and that's how we've kind of come up with the analysis of what we're trying to do.

Media: So from tomorrow, I mean, when does it set in? When are people going to start getting these beds?

Bennett: So all of—

Media: Extra beds.

Bennett: Yeah, so there will be extra beds coming on board all of the time. The first ones are due in at the end of November, and then we just are going to be continuing supply as it comes on and different opportunities as they come up. And, as with any property deal, some you get over the line and some you don't. So we kind of have a revolving door, where we are looking at every opportunity we can and making the most of them, and now we're able to pay for them.

Media: On housing, do you think that the Government needs to do more at the non-emergency end, particularly accommodation supplements, because some people are falling out of, you know, private rental housing into emergency housing? What about a buffer, you know, before they fall off the cliff?

Bennett: Yeah, we've got a number of initiatives in that area. One is the better tenant outcomes that we already announced, and that is working with people that are in tenancies and are at risk of losing it, either through debt or through antisocial behaviour. And we're just starting to roll that out with contracting with community housing organisations and via HNZ.

The wider issue of after-housing costs and them increasing for some people in private rentals—some of that has been overcome through the increase that we did in benefits, because it's a huge number of beneficiaries that actually also receive the accommodation supplements. So, certainly, that increase in their weekly amounts has made a difference. But any other work on the accommodation supplement and others is always ongoing and always happening.

PM: OK, thanks Paula. So, just moving on, in the House in Parliament this week, we are progressing a number of bills, including the TPP amendment bill and the electric vehicles amendment bill.

In terms of my activities this week—as you know, I’ve just met with King Willem-Alexander and Queen Máxima of the Netherlands, who are here on an official visit. We discussed a wide range of issues, including security and trade, including a New Zealand - European Union FTA agreement. The Netherlands has been a strong supporter of the EU - New Zealand FTA, and we see a lot of opportunities to strengthen the economic ties between our two countries.

I’m in Wellington tomorrow and Wednesday. On Thursday I’m in Christchurch. On Friday I’m in Auckland. On Sunday I’m meeting with US Secretary of State, John Kerry, here in Wellington. It’ll be another opportunity to discuss areas of mutual interests, including the Ross Sea marine sanctuary, the conflict in Syria, and other United Nations Security Council matters.

Media: Prime Minister, Bernie Monk says that he’s been told the gas levels of Pike River have gone down to a level where it’s safe to have a go at sending a team down. He said he’s going to write to you in the next couple of days about it. Is another attempt down the mine realistic?

PM: Well, I haven’t seen any evidence to support that. Certainly, historically, the view has been from our officials and by our experts that it’s too dangerous. And, you know, I haven’t seen anything that would counter that view.

Media: What do you expect to talk about with John Kerry? What do you think will be top of the agenda?

PM: Well, there’ll be a wrap up, I think, of the election result. We’ll know that, obviously, by the weekend. Secondly, yeah, we will want to talk about Syria. He was clearly leading the ceasefire with the Russians, so, you know, it’ll be interesting to see what he thinks of that. There’ll be a bit of, I think, a sort of summary of how his experiences in the Antarctica were, and, you know, some discussion, obviously, about the Ross Sea.

I mean, more broadly, you know, he’ll be moving into a, I guess, post-political environment, so we’ll just be talking to him about a wrap-up over the last period of time as Secretary of State.

Media: Are you going to put more weight on him to do more in Syria and pressure the Russians a bit more?

PM: I think he’s doing the very best he can. So I guess the main issue would be to get a sense of what he thinks the progress is and what the next steps are. So, you know, it’s hard to put pressure on him over it, but I think we’ll be certainly discussing it with him.

Media: This weekend there will be another meeting about what’s going to happen with Waitangi Day.

PM: Oh, yeah.

Media: Pita Paraone has said that one of the options is to actually just completely take the pōwhiri off the Waitangi Treaty grounds and go to another marae.

PM: Yeah.

Media: It has happened quite a long time ago but it hasn’t happened—

PM: Do you mean to the upper marae or a completely different place?

Media: Completely off—Ōtīria Marae. Apparently, Sir Paul Reeves—

PM: Sure. OK.

Media: —was welcomed there in the 80s. Is that something that you would be open to? Because you did say earlier this year that Te Tii Marae is the gateway to Treaty grounds and that if you're not welcome there, then you're not going to go, so—

PM: Yeah, I mean, I—you'd have to go back and trace back all of my statements, but that was certainly what was said at the start of the year; that the advice that we have had was that for the observance of cultural and tikanga reasons, we should go to the lower marae before we went to the upper marae. Post-then, as I said before, I mean, we are, as I understand it, having discussions with them, between my office and my officials and the representatives of Ngāpuhi in the far north.

So, I mean, ultimately, let's wait and see what they come back with. If we go there—as in, Te Tii Marae or the upper marae—we want to go because we're welcomed there and under just what I think would be normal conditions, that we can speak and discuss the issues of the day. If there's a suggestion that we should go to a different place and that would be better, then we're all ears. We're happy to listen to that and have a discussion.

Media: In response to Pita Paraone's suggestion around that, Kingi has said that, as far as he's concerned he thinks this weekend when they vote that probably the elders will say yes to having it on Te Tii Marae, but to leave the political talk out of it and to simply have a pōwhiri and then have the political talk with a cup of tea afterwards, which is a shift away from how they would normally do things.

Is that something you would be open to? Because he says the Government changes things all the time so why can't we—and this could be just a new way of doing it.

PM: Well, he's right. The Government, from time to time, does change things. I mean, what I would like to see, if I get a choice in things, is for there to be genuine engagement and dialogue. I think that's an important part of why we go there on 5 February. Secondly, to do so in a way which is respectful and, thirdly, in a way that allows us to show the world that we are celebrating our national day, which obviously takes place the next day.

So in the perfect world you'd want a situation where it's seen as more harmonious and less acrimony than we've had in the past. Now, let's wait and see how it goes, but that's been my concern in recent years, really—is that we've been sort of telegraphing, if you like, the wrong message, I think, because anyone who goes there on the 6th knows that actually it's a pretty happy family sort of day. And I think the, sort of, behaviour down on the lower marae hasn't been to the mutual benefit of anybody, really.

Media: Just to clarify those two options, you would be open to either of them—

PM: We're open to discussions. We're happy to have discussions with them.

Media: They're still really divided up there.

PM: Yeah.

Media: Are you concerned about how long it's taking them to make a decision and if that will affect whether you're—*[Inaudible]*

PM: Well, I think it's better to try and sort it out properly. I mean, ultimately, there's no point in having the fiasco that we had this year, you know, where we're sort of sending letters to one another at the last minute. Our requests are pretty simple. We're not overly demanding but we do want to have to have, you know, what you would expect any person in my position to have, and that is the right to speak and the right to answer criticism if there is any and put the alternative case. But, you know, if there's a better model and a better way of doing it, let's have those discussions and do it upfront now.

Media: Are you sending anyone up there to be at that meeting this week or—

PM: I'm not aware that we are but, I mean, there's certainly plenty of discussion between my officials at DPMC and the people in the marae up north.

Media: Are you completely agnostic as to who wins the presidential election in the United States?

PM: Well, I don't get a vote and I have to work with whoever the next President is. So in that regard, it's for the American people to decide. Obviously, you know, we'd like to advance some things that our Government passionately believes in. They include trade, and they include economic liberalisation and globalisation. But at the end of the day, I mean, we'll work with whoever the President is and, hopefully, the relationship will continue to go from strength to strength.

Media: But in your assessment is there a net benefit to New Zealand in one candidate winning over the other, and who would that be?

PM: Look, they have a range of views, and some people could argue they're reasonably similar in some of those areas at the moment, but let's sort of see how it actually plays out. I mean, we're going to make the most of it, whatever it is.

Media: So you sit in your office and you don't think in your dark moments: "God, I hope Trump doesn't win."?

PM: I never have dark moments in my office—so that's the first thing. And the second thing is I—look, I haven't spent a lot of time thinking about it. I take it all with a bit of a grain of salt when you have election campaigns, particularly quite ferocious ones. I'm not saying I don't believe in what they're saying, but, ultimately, you still have to navigate the Congress and Senate and the like. So let's see how it plays out.

Media: In your meeting with the Dutch King today, did you talk a bit about the trade talks and what that could mean for New Zealand?

PM: Yeah, so the Netherlands have been a strong supporter of New Zealand getting an EU - New Zealand FTA. That's really important. They're, obviously, a big part of the agricultural sector if you think about it. In fact, Dutch farmers have been increasing production over recent years because of the changes in the European rules. They, along with the Germans, are going to be quite influential in terms of New Zealand completing that FTA, because, I think, while their farmers might be supportive, they're likely to run into resistance, potentially from French farmers and the likes. So it was a good discussion and he's knowledgeable. He's got a big trade delegation with him—nearly 60 companies with him here. So they're taking the visit seriously and he's quite knowledgeable—in fact, very knowledgeable—about what's happening both in terms of, you know, issues quite pertinent to the Netherlands but also wider issues in the European region.

Media: Were there other areas outside of agriculture that were particularly of note?

PM: Just in terms of general discussion? We had quite a lot of talk about the refugees. I think last year the Netherlands took about 62,000 refugees. This year they've said the numbers have been quite small. They've got elections taking place next year. Obviously, we talked a bit about what's happening in terms of Syria and Iraq, and I think I had a chance to advance those issues.

Media: What do you make of Gareth Morgan's political party and who do you think should be worried a bit?

PM: Well, as I said this morning, I mean, you know, it's a healthy part of democracy that people feel they can put their hand up and launch a new political party and give it a go. I think I know Gareth pretty well. I mean, I've seen him round the traps over the years.

I just think myself that, when it all comes down to it, he loves being controversial. I mean, everything he does is pretty controversial. He doesn't come up with the most straightforward policy solutions. He generally comes up with something that's reasonably radical. Now, whether people want to vote for that or not, I don't know. But it strikes me that in so much that he sucks oxygen away from anyone, it won't be the Government. It's far more likely to be the Opposition parties.

Media: Would you rule out or rule in talking to him, on the assumption that he does get up after the election?

PM: No, never rule it out. I mean, I've got a pretty healthy relationship with the guy. I know him well. There'll be some of his policies we think there'll be elements we could work with, and there'll be some we probably wouldn't like so much. But in the end, you know, this is MMP. Ultimately, we're going to get to an election result and then we're going to sit down—different political parties—and see what we can make work.

But getting over the line for 5 percent, I think you guys know better than everyone else how difficult that is. It's not just a matter of having some money and throwing it at that proposition. It's really challenging, and lots of people have said they're going to do it. Virtually no one has done it other than, sort of, Winston and Tariana when they went out there and had a seat to go to, and they were well-known political names. Or, alternatively, where there's been a brand, like the emergence of the Greens or the ACT Party. It's just a lot more difficult to get people to engage.

Media: Does he have a point when he says Establishment politicians are too worried about scaring voters, so they can't do the things that—

PM: Well, that's the point, isn't it? So he's going to come out there and say incredibly radical things. And that's good, but let's see, you know, whether the cat lovers of New Zealand want to embrace Gareth Morgan with both arms.

Media: Just back on Kerry—Secretary Kerry—how does it make you feel that he's coming to New Zealand but not going across the ditch to Australia?

PM: Ha, ha! Well, I want to say I'm beaming with pride, but it's probably because he's also going to Antarctica, and we're on the way. OK? I'll leave you to the US elections. See you later.

conclusion of press conference